**Unit 3: Personal Finance**

**A4 – Managing Personal Finance**

1. **Suitability of different financial products and services against individual needs.**
2. **Different types of borrowing, features, advantages and disadvantages.**
3. **Different types of saving and investment features, advantages and disadvantages.**
4. **Risks and rewards of saving versus investment.**
5. **Different types of insurance products, features, advantages and disadvantages.**

**On the diagram below write as many different types of borrowing as you can think of:**

**Different types of borrowing**

**Managing Personal Finance: Different types of borrowing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of Borrowing** | **Features of borrowing** | **Advantages** | **Disadvantages** |
| **Overdraft** |  |  |  |
| **Personal Loan** |  |  |  |
| **Hire Purchase** |  |  |  |
| **Mortgages** |  |  |  |
| **Credit Cards** |  |  |  |
| **Payday Loans** |  |  |  |

**Different Types of Saving and Investment**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of Saving and Investment** | **Features of account** | **Advantages** | **Disadvantages** |
| **Individual Savings Account (ISAs)** |  |  |  |
| **Deposit and savings accounts** |  |  |  |
| **Premium Bonds** |  |  |  |
| **Bonds and GILTS** |  |  |  |
| **Shares** |  |  |  |
| **Pensions** |  |  |  |

**Risks and rewards if saving versus investment**

|  |  |
| --- | --- |
| Saving |  |
| Investment |  |

Saving and investment both involve forfeiting current spending in the hope of gaining greater wealth in the future.

If you are saving your money, it is often with a view to buying a specific good in the future or to support a planned future lifestyle.

|  |  |  |
| --- | --- | --- |
|  | **Risks** | **Rewards** |
| Saving |  |  |
| Investment |  |  |

|  |
| --- |
| **Saving research activity 1: *Identify your preferred saving method. Find an account that offers the highest return.***  ***How much would your savings be worth in 5 years?*** |
|  |
| **Investment research activity 1: *Choose two businesses to invest in. Calculate your expected return on your £2500 in five years’ time for each business. Explain which would be the best investment and why.*** |
|  |

**Different types of insurance products**

|  |  |
| --- | --- |
| Insurance |  |
| Premiums |  |

Insurance can be taken out against anything deemed to have worth or where there is a risk of financial loss. The premium paid will vary depending upon the amount of cover provided and the amount of risk as assessed by the insurance provider.

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of Insurance** | **Features/Description** | **Advantages** | **Disadvantages** |
| Car |  |  |  |
| Home and Content |  |  |  |
| Life Assurance and Insurance |  |  |  |
| Travel |  |  |  |
| Pet |  |  |  |
| Health |  |  |  |